

AMENDED IN SENATE JULY 3, 2003

AMENDED IN SENATE JUNE 16, 2003

AMENDED IN ASSEMBLY APRIL 21, 2003

CALIFORNIA LEGISLATURE—2003–04 REGULAR SESSION

ASSEMBLY BILL

No. 747

Introduced by Assembly Members Matthews and La Malfa

February 19, 2003

An act to add Sections 14105.49 ~~and 14105.50~~, *14105.50*, and *14105.51* to the Welfare and Institutions Code, relating to Medi-Cal.

LEGISLATIVE COUNSEL'S DIGEST

AB 747, as amended, Matthews. Medi-Cal: durable medical equipment and hearing aids.

Existing law provides for the Medi-Cal program, which is administered by the State Department of Health Services, pursuant to which medical benefits are provided to public assistance recipients and certain other low-income persons.

Under existing law, durable medical equipment and medical supplies are covered benefits under the Medi-Cal program, subject to utilization controls.

Under existing law, the department may enter into exclusive or nonexclusive contracts on a bid or negotiated basis with manufacturers, distributors, dispensers, or suppliers of appliances, durable medical equipment, medical supplies, and other product-type health care services for the purpose of obtaining the most favorable prices to the state and to assure adequate quality of the product or service, with certain exceptions.

Existing law requires the department to establish a list of maximum allowable product costs (MAPC) for medical supplies.

This bill would require the department to *establish a list of hearing aids and hearing aid accessories and determine the maximum allowable reimbursement-rate product cost for each hearing-aids aid product* provided under the Medi-Cal program.

It would prohibit the maximum reimbursement rate for ~~the dispensing of hearing aids and hearing aid accessories~~ from exceeding the lesser of ~~the cost of the item, plus a percentage markup as determined by the department, the contracting rate, or the federal medicare reimbursement rate specified amounts.~~

This bill would also require the department to establish a list of covered services and maximum allowable reimbursement rates for durable medical equipment. It would provide that reimbursement for these items of durable medical equipment shall be the lesser of specified amounts. *The bill would require the department to establish “capped rental” reimbursement for specific items of durable medical equipment. It would require that items in this category be reimbursed on a monthly rental basis as prescribed.*

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 14105.49 is added to the Welfare and
2 Institutions Code, to read:

3 14105.49. (a) (1) The department shall ~~determine the~~
4 ~~maximum allowable reimbursement rate for hearing aids provided~~
5 ~~as a benefit under~~ *establish a list of hearing aids and hearing aid*
6 *accessories and determine the maximum allowable product cost*
7 *for each hearing aid product provided as a benefit under the*
8 Medi-Cal program.

9 (2) The list established pursuant to paragraph (1) shall be
10 published in provider manuals. Notwithstanding the rulemaking
11 provisions of the Administrative Procedure Act (Chapter 3.5
12 (commencing with Section 11340) of Part 1 of Division 3 of the
13 Government Code), actions of the department under this section
14 shall not be subject to the Administrative Procedure Act or to the
15 review and approval of the Office of Administrative Law.

(b) ~~The maximum reimbursement rate for the dispensing of hearing aids shall not exceed the lesser of the following:~~ *hearing aids and hearing aid accessories may not exceed the lesser of the following:*

(1) ~~The billed amount.~~

(2) The cost of the item, plus a percentage markup as determined by the department.

~~(2) The contracting rate.~~

~~(3) The federal medicare reimbursement rate for California.~~

(3) *The rate established by the department's contracting program.*

SEC. 2. Section 14105.50 is added to the Welfare and Institutions Code, to read:

14105.50. (a) The department shall establish a list of covered services and maximum allowable reimbursement rates for durable medical equipment, as defined in Section 51160 of Title 22 of the California Code of Regulations, ~~except wheelchairs and wheelchair accessories,~~ and the list shall be published in provider manuals. The list shall specify utilization controls to be applied to each type of durable medical equipment.

(b) Reimbursement for durable medical equipment, except wheelchairs and wheelchair accessories, shall be the lesser of the following:

(1) The amount billed pursuant to Section 51008.1 of Title 22 of the California Code of Regulations.

(2) An amount that does not exceed 80 percent of the lowest maximum allowance for California established by the federal Medicare program for the same or similar item or service.

(3) The guaranteed acquisition cost negotiated by means of the contracting process provided for pursuant to Section 14105.3, plus a markup to be established by the department.

(c) *Reimbursement for wheelchairs and wheelchair accessories shall be the lesser of the following:*

(1) The amount billed pursuant to Section 51008.1 of Title 22 of the California Code of Regulations.

(2) An amount that does not exceed 100 percent of the lowest maximum allowance for California established by the federal Medicare program for the same or similar item or service.

(3) The guaranteed acquisition cost negotiated by means of the contracting process provided for pursuant to Section 14105.3 plus a percentage markup to be established by the department.

1 (d) Reimbursement for all durable medical equipment billed to
2 the Medi-Cal program utilizing codes with no specified maximum
3 allowable rate shall be the lesser of the following:

4 (1) The amount billed pursuant to Section 51008.1 of Title 22
5 of the California Code of Regulations.

6 (2) The guaranteed acquisition cost negotiated by means of the
7 contracting process provided for pursuant to Section 14105.3 plus
8 a percentage markup to be established by the department.

9 (3) The actual acquisition cost plus a markup to be established
10 by the department.

11 (4) Eighty percent of the manufacturer's suggested retail
12 purchase price.

13 (5) A price established through targeted product-specific cost
14 containment provisions developed with providers.

15 (e) Reimbursement for all durable medical equipment supplies
16 and accessories billed to the Medi-Cal program shall be the lesser
17 of either of the following:

18 (1) The amount billed pursuant to Section 51008.1 of Title 22
19 of the California Code of Regulations.

20 (2) The acquisition cost plus a 23 percent markup.

21 (f) Any regulation in Division 3 of Title 22 of the California
22 Code of Regulations that contains provisions for reimbursement
23 rates for durable medical equipment shall be amended or repealed
24 effective for dates of service on or after January 1, 2004.

25 (g) Notwithstanding Chapter 3.5 (commencing with Section
26 11340) of Part 1 of Division 3 of the Government Code, actions
27 under this section shall not be subject to the Administrative
28 Procedure Act or to the review and approval of the Office of
29 Administrative Law.

30 ~~(d)~~

31 (h) The department shall consult with interested parties and
32 appropriate stakeholders in implementing this section ~~including~~
33 ~~with respect to all of the following:~~

34 (1) Notifying provider representatives of the proposed change.

35 (2) Scheduling at least one meeting to discuss the change.

36 (3) Allowing for written input regarding the change.

37 (4) Providing advance notice on the implementation and
38 effective date of the change.

39 SEC. 3. Section 14105.51 is added to the Welfare and
40 Institutions Code, to read:

1 14105.51. (a) The department shall establish “capped
2 rental” reimbursement for specific items of durable medical
3 equipment. Items in this category shall be reimbursed on a monthly
4 rental basis not to exceed a period of continuous use of 10 months.
5 After 10 months of rental have been paid, the provider shall
6 continue to provide the item without charge, except for
7 maintenance and servicing fees, until the medical necessity ends
8 or Medi-Cal coverage ceases. Monthly reimbursement for the
9 rental of these specific items of durable medical equipment may not
10 exceed 80 percent of the lowest maximum allowance for California
11 established by the federal Medicare program for the same or
12 similar item or service.

13 (b) Notwithstanding Chapter 3.5 (commencing with Section
14 11340) of Part 1 of Division 3 of the Government Code, actions
15 under subdivision (a) shall not be subject to the rulemaking
16 provisions of the Administrative Procedures Act or to the review
17 and approval of the Office of Administrative Law.

18 (c) The department shall consult with interested parties and
19 appropriate stakeholders in determining which items will be
20 subject to capped rental including doing all of the following:

21 (1) Notifying provider representatives of the items that will be
22 subject to capped rental.

23 (2) Scheduling at least one meeting to discuss the items.

24 (3) Allowing for written input regarding the items.

25 (4) Providing advance notice of the effective date on and after
26 which the items will be subject to capped rental.

